by Family Member-1, Family Member-2, and Family Member-3 for the calendar years 2007 through 2013 by various means, including, among others: (a) failing to make an income tax return for MEZSOC for the calendar years 2007 and 2008 on or about the date required by law to any proper officer of the IRS, stating specifically the items of MEZSOC's income and any deductions and credits to which it was entitled; (b) providing various false information to ZUKERMAN's corporate tax return preparers, in or about September 2008 and July 2010, concerning the ownership and sale of MEZSOC; (c) signing and filing with the IRS, in or about September 2009, a Form 1120 for Bodley that falsely reported Bodley's acquisition and sale of a portion of the Oil Company; (d) signing and filing with the IRS, on or about June 22, 2012, a protest letter containing false statements about the ownership and sale of the Oil Company; (e) causing millions of dollars of MEZSOC's assets to be transferred between 2007 and 2012 to various entities owned and controlled by ZUKERMAN; (f) diverting funds from corporate entities he controlled in order to pay personal expenses and obligations, including the salary and health care insurance for ZUKERMAN's domestic employee; (g) preparing and causing to be prepared, signing and causing to be signed, and filing and causing to be filed, false and fraudulent

U.S. Individual Income Tax Returns, Forms 1040, for himself and his wife for the calendar years 2007 through 2013, which returns claimed false deductions and expenses, and omitted significant amounts of income, thereby substantially understating ZUKERMAN's total income, adjusted gross income, taxable income, and tax due and owing each year; and (h) causing the preparation, signing, and filing of false and fraudulent U.S. Individual Income Tax Returns, Forms 1040, for Family Member-1, Family Member-2, and Family Member-3 for the calendar years 2007 through 2012, which returns claimed fabricated and/or falsely overstated expenses deductions, thereby substantially understating the total income, adjusted gross income, taxable income, and tax due and owing each year for Family Member-1, Family Member-2, and Family Member-3.

(Title 26, United States Code, Section 7201.)

COUNT THREE

(Wire Fraud - New York State Sales and Use Taxes)

The Grand Jury further charges:

62. The allegations contained in paragraphs 1-17 are realleged and incorporated as though fully set forth in this paragraph.

A. New York State Sales and Use Taxes

63. New York State imposes a sales tax on the sale of tangible personal property where the tangible personal property is sold by a New York vendor and provided to the purchaser at the point of sale in New York or delivered to the purchaser in New York. In such cases, the vendor is required to collect and later remit the sales tax to the New York State Department of Taxation & Finance ("NYSDT&F") together with the vendor's periodic sales tax return. When tangible personal property is purchased from a New York vendor but shipped by the vendor to the purchaser at an out-of-state location, no sales tax need be collected by the vendor, as the purchase and delivery of the property is deemed to occur out-of-state.

64. New York also imposes a "use tax" on businesses that conduct business in New York and individual New York residents who purchase tangible personal property outside of New York or have a purchase from a New York vendor sent to an out-of-state location, but later bring the property into New York and use it in New York. The "use tax" in such a case is required to be paid (at the New York sales tax rate) by the purchaser who brings the tangible personal property back into, and uses the property within, New York, with credit under

certain circumstances given for taxes remitted to another state's taxing authority. Use taxes are generally required to be reported and remitted to the NYSDT&F with an individual resident's New York State personal income tax return or, in the case of a business, with a New York State tax form ST-130 and/or ST-135.

65. New York also imposes on New York residents and businesses conducting business in New York a "use tax" on sales of tangible personal property by vendors located outside the United States, where those foreign vendors do not collect and remit New York sales taxes in connection with the purchases. The "use tax" in such a case is required to be paid (at the New York sales tax rate) by the purchaser who receives the tangible personal property via delivery in New York, or brings the tangible personal property into New York, and thereafter uses the property within New York.

B. The Scheme to Defraud

66. Beginning in or about May 2008 and continuing through in or about 2014, in the Southern District of New York and elsewhere, MORRIS E. ZUKERMAN, the defendant, engaged in a scheme to defraud the State of New York and to obtain, by means of false and fraudulent pretenses, representations, and

promises, money and property of the State of New York consisting of New York sales and use taxes required by law to be paid by MORRIS E. ZUKERMAN and MEZIL in connection with tangible property purchased outside of New York and subsequently used and stored inside New York.

67. As a part of the scheme and artifice to defraud, MORRIS E. ZUKERMAN, the defendant, caused certain Old Master paintings to be purchased by ZUKERMAN and MEZIL from certain galleries and auction houses located in New York. As part of the purchases, ZUKERMAN caused the New York galleries and auction houses to ship those paintings to MEZIL at addresses in New Jersey and Delaware, despite the fact that MEZIL had no physical presence in those states, thereby causing the galleries and auction houses to collect no New York sales taxes in connection with the purchases. Soon after the paintings arrived in Delaware and New Jersey, ZUKERMAN transported or caused the transportation of the paintings back to Manhattan, for hanging on the walls of his apartment or in the residence of Family Member-1 on the Upper East Side of Manhattan.

68. In connection with the purchase of certain paintings from the New York galleries, MORRIS E. ZUKERMAN, the defendant, was permitted by the galleries to borrow or "test

drive" the paintings on the walls of ZUKERMAN's apartment, in order to allow ZUKERMAN to determine whether the paintings under consideration went well with the other paintings hanging in his apartment. Upon making the decision to purchase certain of the "test driven" paintings, ZUKERMAN notified the New York gallery owners of his decision and then, rather than paying for the paintings at that time, caused the galleries to pick up the paintings from his apartment and thereafter ship them by common carrier to ZUKERMAN corporate addresses in Delaware or New Jersey. Within hours or minutes after the paintings arrived at the Delaware or New Jersey addresses, ZUKERMAN either personally transported the paintings back to his apartment in New York or caused a relative, a shipping company, or a ZUKERMAN corporate employee to transport the paintings back to New York.

69. As a further part of the scheme and artifice to defraud, MORRIS E. ZUKERMAN, the defendant, caused certain paintings to be purchased by ZUKERMAN and MEZIL from certain galleries and auction houses located in Europe. As part of those international purchases, ZUKERMAN caused the galleries and auction houses to ship those paintings to MEZIL at addresses in New Jersey and Delaware. Soon after the paintings arrived in Delaware and New Jersey, ZUKERMAN transported or caused the

transportation of the paintings back to New York, for hanging on the walls of his apartment or in the residence of Family Member-1, or subsequent transportation to the residence of Family Member-2 outside New York.

70. In connection with certain of the purchases of paintings from galleries in Europe, MORRIS E. ZUKERMAN, the defendant, caused the galleries or shippers to address the sales invoice to MEZIL using New Jersey or Delaware addresses, despite the fact that the paintings had been delivered to ZUKERMAN's apartment in Manhattan.

71. Despite being aware of the obligation to pay use taxes upon bringing back into New York, and using therein, the above-described paintings on which no New York sales tax had been collected in connection with the purchases, MORRIS E. ZUKERMAN, the defendant, caused MEZIL to evade its use tax obligations by failing to report the use tax obligations to NYSDT&F and failing to pay to New York the appropriate use tax thereon.

72. As part of the above-described scheme to defraud, MORRIS E. ZUKERMAN, the defendant, caused the purchase of paintings in the numbers and years listed below, paying the

approximate total amounts listed below and evading use taxes in the approximate amounts listed below:

YEAR	NUMBER OF PAINTINGS	TOTAL SALES PRICE PAID	TOTAL USE TAXES EVADED	DELIVERY ADDRESSES PER INVOICE	ULTIMATE DESTINATIONS
2008	6	$6,532,325	$547,082	New York; Delaware	MORRIS E. ZUKERMAN Apt.
2009	16	$10,666,375	$898,725	New Jersey; Delaware	MORRIS E. ZUKERMAN Apt. Family Member-1 Apt.
2010	10	$7,138,027	$633,499	New Jersey	MORRIS E. ZUKERMAN Apt. Family Member-1 Apt.
2011	14	$8,633,472	$766,220	New Jersey; Delaware	MORRIS E. ZUKERMAN Apt. Family Member-1 Apt.
2012	10	$2,804,621	$248,910	New Jersey	MORRIS E. ZUKERMAN Apt. Family Member-1 Apt.
2013	17	$16,583,316	$1,471,680	New Jersey	MORRIS E. ZUKERMAN Apt. Family Member-1 Apt. Family Member-2 Apt.
TOTAL	**73**	**$52,357,528**	**$4,566,119**		

73. It was further a part of the scheme to defraud that MORRIS E. ZUKERMAN, the defendant, orchestrated the evasion of New York State sales and use tax in connection with the purchase, for $645,000, from a diamond merchant with offices in London and New York, of a pair of white gold, pear-shaped earrings with 24 diamonds weighing a combined 8 carats (the "earrings"). ZUKERMAN executed this part of the evasion scheme by causing the following sequence of events to occur: (i) on or

about March 15, 2012, ZUKERMAN met a New York-based employee of the diamond merchant (the "New York employee") at an art fair in Maastricht, Netherlands, and informed the employee that he decided to purchase the earrings, from the merchant's London location; (ii) on March 23, 2012, the New York employee e-mailed ZUKERMAN from Europe, congratulating ZUKERMAN on his choice of the earrings; informing ZUKERMAN that he intended personally to carry the earrings back to New York; and asking ZUKERMAN to provide an address "since [the merchant] most likely will deliver to Maine or Out of State"; (iii) on March 23, 2012, ZUKERMAN informed the New York employee via e-mail that the address to be used was that of MEZIL, "c/o" another ZUKERMAN entity in Parsippany, New Jersey; (iv) on March 30, 2012, the New York employee informed ZUKERMAN via e-mail that the earrings had arrived at the merchant's New York location, had been adjusted, and were "ready to be tried on"; (v) on March 31, 2012, ZUKERMAN informed the New York employee that a family member would "come by early next week to try on the earrings . . . ."; (vi) on or about April 21, 2012, ZUKERMAN caused a family member to pick up the earrings from the New York location of the diamond merchant, signing a receipt that indicated a price of $645,000 but did not reflect any sales tax; (vii) on or about

April 23, 2012, ZUKERMAN provided the New York diamond merchant with a personal credit card number to bill $145,000 of the purchase price for the earrings; (viii) on or about May 4, 2012, ZUKERMAN caused $500,000 to be wire transferred from his New York bank account to the bank account of the New York diamond merchant, as payment of the balance due for the earrings; (ix) on or about June 22, 2012, as a result of the information provided by ZUKERMAN, the London office of the diamond merchant issued an invoice in connection with the sale of the earrings noting the sale to MORRIS ZUKERMAN but listing, as ZUKERMAN's address, the Parsippany, New Jersey address of one of ZUKERMAN's companies. No part of the approximately $57,000 of sales or use taxes due and owing to New York State was paid by ZUKERMAN or MEZIL in connection with the purchase of the earrings.

Statutory Allegations

74. From in or about May 2008 through in or about 2014, in the Southern District of New York and elsewhere, MORRIS E. ZUKERMAN, the defendant, having knowingly devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, to wit, a scheme to defraud the State of New York of sales and use taxes due and

owing in connection with the purchase, and subsequent use in New York, of various tangible personal property, for the purpose of executing such scheme and artifice and attempting to do so, transmitted by means of wire communications in interstate and foreign commerce, various writings, signs, signals, pictures and sounds, to wit, on multiple occasions, the defendant sent, and caused to be sent, various faxes and email communications in connection with the purchase of Old Master paintings, earrings, and other tangible personal property.

(Title 18, United States Code, Sections 1343 and 2.)

FOREPERSON

Preet Bharara
PREET BHARARA
United States Attorney

Form No. USA-33s-274 (Ed. 9-25-58)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

v.

MORRIS E. ZUKERMAN,

Defendant.

INDICTMENT

S1 16 Cr. 194

(26 U.S.C. §§ 7212(a) and 7201; 18 U.S.C. §§ 1343 and 2.)

PREET BHARARA
United States Attorney.

A TRUE BILL

Foreperson.

TRUE BILL, ARREST WARRANT, SEALED INDICTMENT

MAG. JUDGE RONALD L. ELLIS 5/11/16